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LAUGHREN RELEASES FISCAL OUTLOOK AND ANNOUNCES MAJOR TRANSFERS

Toronto -- In releasing the Ontario Fiscal Outlook, the Ontario government is encouraging a province-wide public debate on how to better manage costs and preserve jobs and services, Ontario Treasurer Floyd Laughren said today.

Ontarians will have the opportunity to examine the province's finances and consider the government's options for the 1992 budget, Laughren said, in remarks that included his announcement of the allocations for major transfer agencies.

"In the 1991 budget we promised to introduce major changes that would open up the budget-making process. By taking the unprecedented step of releasing this Fiscal Outlook, we are bringing budget-making into the 1990s.

"We believe the new openness of this pre-budget discussion process will help everyone in Ontario better understand the choices their government must make, and help the government better understand the views and priorities of the people of Ontario."

Laughren said the real growth in the Ontario economy is forecast at 2.2 per cent this year, down from the 3.8 per cent forecast published late last year. The rate of growth and movement towards the end of the recession are highly dependent on the U.S. economy -- which, he said, is showing only modest signs of recovery in the short term.

"Ontarians know full well the difficulties being wrought by these economic forces. The message of this government is clear -- we are on your side. We are committed to making the policy choices that will see Ontario emerge from this period of economic hardship better able to fulfil our long-term goals of a stronger economy, more jobs and a fair and just society."

Citing the recession and federal cutbacks as major causes, the Treasurer indicated in his remarks that revenues fell in 1991-92 for the first time since 1945, and are forecast to fall again next year.

Last year's budget planned for revenues of \$47.2 billion and operating expenditures of \$51.7 billion for 1992-93. The Fiscal Outlook presents a hypothetical "no-change" scenario which shows what would happen to revenues and expenditures if no further policy changes were made. Under this "no-change" scenario -- which Laughren said was "totally unacceptable" to the government - revenues would be \$5 billion lower than earlier expectations, owing largely to the recession and slower-than-expected recovery.

"Although in this no-change scenario our expenditures could be \$1.7 billion more than the amount we planned last spring," he said, "more significantly our revenues could be \$5 billion less than planned.

The "no-change" scenario would also see a potential \$11.2 billion operating deficit, Laughren said.

"If you add to this figure regular capital investment maintained at last year's level, then our new financing requirements for capital and operations for 1992-93 would be an unacceptable \$14.3 billion," Laughren said, adding that the province would make the difficult decisions needed to meet its most urgent priorities.

"These decisions must involve all those affected -- employers, workers and their trade unions, clients and their communities," the Treasurer said.

One of the more difficult decisions, Laughren said, was to hold this year's allocations to major transfer partners to an increase of only one per cent, while limiting increases for 1993 and 1994 to two per cent. Laughren also said that the government has budgeted \$160 million for 1992-93, strictly to assist major transfer partners with reform and restructuring of service delivery.

"These funds will be available as an incentive to encourage innovations in collective bargaining and service delivery," Laughren said.

Laughren hailed the tentative settlement with the Ontario Public Service Employees Union as "an indication of what can be accomplished through the collective bargaining process. It demonstrates that mutual agreements are possible in difficult times and can preserve our public and social services given the current reality."

"Government and society as a whole will be judged by future generations on the quality and fairness of the decisions we will make in the next few months," he said.

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